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SUBJECT: NARAYANAN DISCUSSES PAKISTAN, COUNTER-TERRORISM
COOPERATION WITH CODEL NELSON

REF: SECSTATE 53958

Classified By: Ambassador David Mulford for Reasons 1.4 (B and D)

Summary

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¶1. (C) National Security Advisor M.K. Narayanan described for CODEL Nelson and the Ambassador on May 26 his views on Afghanistan, Pakistan, Naxalites, counter-terrorism cooperation, and the state of the relationship in light of the nuclear deal and Enhanced End Use Monitoring (EEUM). Narayanan described Afghanistan as an important opportunity for India and the world to show that a democracy could prevail against terrorism, and suggested that Indian assistance may increase. He criticized Pakistan for outsourcing its problems to Afghanistan by preserving Taliban sanctuaries and expressed concern that the weak Pakistan government may relax the restraints imposed on Inter Services Intelligence (ISI) under President Musharraf, resulting in increased Jihadist activity. Recent incidents on the Line of Control were predictable "muscle-flexing" by the new regime, according to Narayanan, but increased infiltrations could herald terrorist attacks in India. He downplayed the seriousness of the Naxalite threat. Narayanan did not anticipate back-sliding in the U.S.-Indian relationship regardless of the fate of the nuclear deal, but cautioned that India has "thresholds that are difficult to cross" on EEUM. End Summary.

Pakistan Outsourcing Problems to Afghanistan

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¶2. (C) Afghanistan is important to India as an opportunity for the enlightened world to show that democracy could prevail against terrorism, according to Narayanan, rather than "for the reasons that Pakistan thinks." He criticized the new Pakistan government for "outsourcing its problems" by giving the Taliban free rein as long as they did not attack Pakistanis. Afghanistan would never be stable nor the Taliban defeated until their sanctuaries in Pakistan were eliminated. He said the civilized world needed a compact to fight terror wherever it occurred, not just domestically.

¶3. (C) The U.S. was the only country able to convince Pakistan that it did not need a client Afghan state to provide strategic depth against India, which, according to Narayanan, has acted with as much restraint as possible. Narayanan suggested the U.S. think twice about extending the \$11 billion in military assistance to Pakistan, which it had used for weapons best suited for a confrontation with India. Narayanan asked, "What is the point of having an army set up

to fight India if it cannot achieve victory within its own territory?" Regardless of the amount spent, the war on terror must be fought by locals committed to the fight. Narayanan observed that it was "quite clear" that the Pakistan army will not fight terrorism; they are not prepared and ideologically disinclined.

¶4. (C) Narayanan lamented Afghan President Hamid Karzai's poor relationship with every government in Pakistan, which "always seemed to go from bad to worse." Narayanan thought India could do a lot to help Karzai's weak government, saying he expected India's \$800 million in development programs for Afghanistan (over 10 years) to increase. Karzai's "consultations" with Hezb-i Islami Gulbuddin (HiG) forces and its leader Gulbuddin Hekmatyar were "unwelcome." Outreach to Pashtun insurgents caused other Afghan ethnic groups to question their status in the country. Narayanan said any deal with the Taliban "cannot be a Pashtun-only solution."

India and Pakistan: Will Restraints on Jihadists Be Relaxed?
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¶5. (C) While Karzai's relationship with Pakistan has deteriorated, India's had improved, Narayanan observed, despite the recent hiatus under the new government. Under Musharraf, there was "a certain amount of confluence about what needed to be done; no Pakistan government wants to go back to how things used to be." Narayanan said he is unsure how strong the new Pakistan government is. The recent increase in infiltration along the Line of Control "does not reflect a new trend," but rather "muscle-flexing" typical of

NEW DELHI 00001433 002 OF 002

a new Pakistani government necessary for domestic reasons.

¶6. (C) The key question for Narayanan was whether restraints on Jihadists would be relaxed under the new regime, due to political distractions or a deliberate policy. He was not concerned about the civilian leadership, but rather about the Inter Services Intelligence (ISI). With Musharraf weakened and skeptical of the ability of a civilian government to "properly check" the influence of ISI, Narayanan voiced concern that the restraints on ISI could be relaxed. The increase in infiltrations so far may suggest a greater likelihood of terrorist attacks, resulting in a "long, hot summer" for India.

¶7. (C) Asked about the influence of radical madrassas in the region, Narayanan said that Saudi Arabian charities have "changed the character of Islam in South Asia." Radicalized schools are a major factor in the Pakistan border region. Narayanan said that the Indian government had spoken with the Saudis, resulting in a reduction in the contribution by "unknown" charities, but that the Saudis could do more.

Naxalites: Not A Threat to Internal Security
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¶8. (C) Narayanan took a long view on the Naxalite movement, calling it disturbing but not a serious threat to internal security. Since its founding in 1967, the Maoist group had many ups and downs and appeared to be in a mild ascent since the 1990s. Their ties with like-minded groups in the region and other parts of the world improved their capabilities, but it remained a home-grown movement with domestic inspiration. Narayanan attributed the rise in Naxalite-related violence to the group's involvement in criminal enterprises rather than to increased effectiveness against Indian security forces. Narayanan said that Indian forces have been very careful not to use draconian measures, which would alienate vulnerable populations, and as a result "have taken a lot of losses." He maintained that the Indian government had the right strategy, but one that required patience.

Counter-Terrorism: From Liaison to Cooperation
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¶9. (C) Narayanan said that the number of Al Qaeda recruits from western countries was increasing, suggesting that terrorism was not going away and that the global war on terror has not been won. Narayanan said that intelligence sharing needed to grow from liaison to cooperation. He observed, for instance, that "you may intercept a message mentioning Chennai and it is not meaningful to you, but it could be important to us." Narayanan said he intended to raise this issue during the June 2-4 visit to New Delhi of Director of National Intelligence Michael McConnell.

¶10. (C) Regardless of the outcome of the Civilian Nuclear Cooperation Agreement, Narayanan does not see the U.S.-Indian relationship back-sliding. The relationship had the potential to develop more quickly, but the Indian government was aware that the ball was in its court on the nuclear deal.

He said he remained optimistic following the Karnataka elections, saying the government would continue to inch toward the goal. (Note: Cancellation of the May 28 UPA-Left meeting on the civilian nuclear initiative does not appear to support this contention. End Note.) After the meeting, Narayanan told the Ambassador that the Indian government is trying to get past differences on Enhanced End Use Monitoring (EEUM), but cautioned that India "has some thresholds that are difficult to cross."

¶11. (SBU) This message was cleared by CODEL Nelson.

MULFORD